

National Asset Reconstruction Company Ltd (NARCL)

Policy for Corporate Social Responsibility

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Sr. No.	Particulars	Name	Role	Signature	Date of completion
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* Note: AZB's review is for matters under Indian law, and excluding any commercial, accounting, valuation or tax considerations.

Final Board Approval

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1. Introduction

National Asset Reconstruction Company Limited (hereinafter referred to as “NARCL” or “Company”) has been incorporated under the Companies Act, 2013 as a Government Company (limited by shares) on 7th July 2021.

2. Objectives of the Policy

The key objective of the corporate social responsibility (“CSR”) policy (“Policy”) is to establish the basic principles and the general framework of action for NARCL’s management to undertake and fulfil NARCL’s CSR obligations. In furtherance of this objective, the Company may undertake CSR activities, which are broadly related to the following:

- rural development projects, promoting education, eradicating hunger, malnutrition and poverty, promoting gender equality, empowering women, promoting health care and sanitation, ensuring environmental sustainability, promoting employment, enhancing vocational skills, protecting natural heritage and culture, disaster management including relief, rehabilitation and reconstruction activities and such other matters which fall under Schedule VII of the Companies Act, 2013 (“**Companies Act**”).
- contribution to the prime minister’s national relief fund or any other fund set up by central government for socio economic development and welfare of schedule caste and schedule tribes and other backward classes, minorities and women.
- In addition to the activities listed above, any other activities specified in Schedule VII of the Companies Act or otherwise specifically permitted by the government as eligible CSR activities under the applicable law from time to time.

It is clarified that, all the aforesaid activities or programs shall be undertaken in India only and also that such programs and activities shall not be designed to benefit only the employees of the Company and their family.

3. Applicability of the policy

The Policy is applicable to all employees, officers, directors and other relevant stakeholders, across all branches (if any) and departments of the Company.

4. Applicability

Section 135 of the Companies Act sets forth certain obligations in relation to CSR-related matters (including constitution of a CSR Committee, adoption of a CSR policy and annual CSR spend) on companies that fulfil certain criteria.

5. The responsibility of the Board in implementation of CSR rules:

The Board shall carry out its roles and responsibilities set forth under the Companies Act and CSR Rules in relation to CSR activities and their monitoring.

6. CSR committee of the Board

The CSR committee of the Board ("CSR Committee") shall be constituted by the Board of the Company when required by (and in compliance with the requirements of) applicable law. The CSR Committee shall consist of at least three directors out of whom, at least one shall be an independent director. The CSR Committee shall hold its periodic meetings as stipulated in its terms of reference, or as required for compliance with the provisions of the Companies Act.

The CSR Committee (once constituted) shall ensure that the CSR activities in the Company are conducted as per the Policy.

7. Functions and Responsibilities of the CSR Committee

The CSR Committee (once constituted) shall undertake its statutory responsibilities under the Companies Act and the CSR Rules and any other matters that may be assigned to it by the Board and shall work under the oversight of the Board in this regard as per its terms of reference.

8. Selection and Implementation of CSR Projects

This Policy lists chosen areas of focus in clause 2 above, which have been selected from the list of areas detailed in Schedule VII of the Companies Act. However, these focus areas are an indicative statement of intent, and the CSR Committee will have the ability to deploy the funds earmarked for the CSR budget in any area which is legally permitted that they deem fit, irrespective of whether the proposed interventions are covered under the CSR focus areas in this Policy.

CSR projects would be evaluated based on relevant criteria, including *inter alia* the CSR budget for the relevant year, other existing commitments made or proposed to be made, provisions of this Policy and as per guidance from the annual action plan/ other criteria set by the Board/CSR Committee. The Company may also give preference to taking up projects or programmes for spending the amount earmarked for CSR at local area(s) around where it operates, but this shall be at the sole discretion of the Board.

The CSR activities may be either independent projects and programs or activities, either new or ongoing, but will not include the activities that are undertaken in pursuance to the normal course of the business unless otherwise permitted under applicable law. Similarly, contribution of any amount directly or indirectly made to any political party shall not be considered as CSR activity.

The strategy for implementation of the CSR activities will be reviewed from time to time, The Board may decide to undertake the CSR activities approved by the CSR committee either through the Company or through any of the implementing agencies, which satisfy the eligibility criteria for undertaking CSR activities under the CSR Rules.

The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programs in accordance with the mechanism approved by the CSR Committee.

9. CSR Expenditure and Annual Action Plan

The expenditure for various projects, programs and activities are to be decided at the initial stage by the Company and such projects, programs and activities are to be approved by the CSR Committee. Once these projects, programs are approved by the CSR Committee, expenses for such activities may be permitted by the Company. If the company has any unspent amount relating to ongoing projects, the Company shall open a special account, called 'Unspent Corporate Social Responsibility Account', for a financial year in any scheduled bank, to transfer such unspent amount to such account within 30 days (or such other period prescribed by applicable law) from the end of financial year and spend such amount towards its CSR obligations as per approved fund deployment schedule for such ongoing project, and in any event within such period as may be legally prescribed from to time.

If there is any unspent amount which does not relate to any ongoing projects, the Company shall transfer such unspent amount to any fund specified in Schedule VII of the Companies Act within 6 months of the end of the financial year, or such other period prescribed by applicable law. This requirement shall also be applicable to: (i) any amount set aside in the past years for ongoing projects which is not used within the legally prescribed time period, and transfer to the fund in Schedule VII is otherwise required under applicable law; or (ii) where amount set aside for any ongoing project is otherwise not used for the such project, and the board of the Company decides that such amount would be transferred to one of the funds specified in Schedule VII of the Companies Act.

Subject to meeting the thresholds specified under the CSR Rules in respect of impact assessment, the Company shall comply with its obligations relating to impact assessment of CSR projects, in accordance with the applicable law and shall be eligible to book the expenditure incurred for such impact assessment towards CSR expenditure of the relevant financial year to the extent permissible under applicable law.

The CSR Committee will formulate and recommend to the Board an annual action plan which shall include the details which are legally required, and additional details as may be required by the CSR Committee and/or the Board from time to time.

The Board may alter the annual action plan during the financial year, if so, recommended by the CSR Committee, based on the reasonable justification for such change.

10. Monitoring the CSR activities

The CSR Committee will institute a transparent monitoring mechanism for implementation of the CSR projects or programs, or activities undertaken by the Company.

The Board and the Chief Financial Officer of the Company (or the person responsible for financial management of the Company) will comply with their respective obligations, as may be required under the applicable law, in relation to the utilisation of funds disbursed for the purposes and in the manner approved by the Board.

The Board will also monitor the implementation of ongoing projects and make suitable modifications to the same for smooth functioning of the project, within the overall permissible time period.

The Company may also engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes.

11. Regulatory References (reference to Companies Act, RBI circulars and other applicable statutes, regulations as applicable to NARCL)

- Companies Act, 2013.
- Companies (Corporate Social Responsibility Policy) Rules, 2014.

12. Policy Review and Updates

The board of directors ("Board") approved Policy shall be reviewed as and when required or at least annually for incorporating regulatory updates and changes, if any.

Last date of review: DDMMYYYY

Annexure 1 – Glossary

Abbreviations	Meaning
NARCL	National Asset Reconstruction Company Ltd
RBI	Reserve Bank of India
CSR	Corporate Social Responsibility
CEO	Chief Executive Officer
MD	Managing Director